

**Letter to Key Stakeholders who hold CUSC Contracts
with National Grid ESO**

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**European Network Codes – Emergency and Restoration Code – in respect of Defence
Service Providers**

This letter is for information only and no further action need be taken at this time

In March 2011, the European Third Energy Package became law which aims to develop a more harmonised European Energy Market for gas and electricity. While achieving this, it also facilitates the integration of renewable energy sources in order to maintain system security and also enhance competition.

In developing these objectives, the European Commission and the Member States (including the UK Government) have approved a suite of Network Codes of which one is the Emergency and Restoration Code.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R2196&from=EN>

The aim of the Emergency and Restoration Code is to minimise the impact of an incident on the electricity system to prevent a total or partial electricity system shutdown (defence measures) and to facilitate efficient and rapid restoration (restoration measures) were a total or partial electricity system shutdown to occur.

Although the UK has now officially left the European Union, the majority of the requirements defined in the Emergency and Restoration Code are still applicable in the UK as retained via Statutory Instrument.¹

National Grid ESO in its role as the Electricity System Operator (NGESO) has been working with industry stakeholders and Ofgem over the last few years to update the UK Industry Codes and associated documentation to ensure they are consistent with the Emergency and Restoration Code.

As part of the implementation of the Emergency and Restoration Code (which now falls under UK law), NGESO is also required to formally notify parties affected by the Emergency and Restoration Code of any actions that they need to take. Article 12(6)(b) and Article 24(6)(b) of the Emergency and Restoration Code also require parties to notify NGESO (as System Operator) of their confirmation of the implementation of those measures. Since the (UK) Grid Code includes a compliance process which provides for these measures no such confirmation of the implementation of these measures from parties is necessary.

The purpose of this letter is therefore to advise you that if you already have a CUSC Contract with NGESO, you will already be within the scope of the Emergency and Restoration Code and

¹ Electricity Network Codes and Guidelines (System Operation and Connection) (Amendment etc) (EU Exit) Regulations 2019, SI 2019/533

through fulfilling the requirements of the Grid Code, will be satisfying these requirements. There is therefore no further action required.

A Defence Service Provider is (currently – see below) a CUSC party who meets one or more measures of the System Defence Plan (see row 8 in Appendix 1 of this letter). By having a CUSC Contract with NGENSO, you would already be meeting the requirements of the Grid Code as a Defence Service Provider and therefore no further action (associated with this letter) is necessary.

NGESO are currently working with the Industry and Ofgem to implement the second phase of the Emergency and Restoration Code through Grid Code modification GC0148² which, subject to Ofgem approval, will come into effect in December 2022.

As a consequence of the GC0148 modification, it is expected that a number of changes will be made to the Grid Code including (but not limited to) the requirements (i) for critical tools and facilities including communications infrastructure, (ii) the behaviour of Electricity Storage Modules under low system frequency conditions and (iii) the applicability of Grid Code terms to non-CUSC parties who seek to become Defence Service Providers. One or more of these changes may be directly relevant (and applicable) to you in the future. These changes are currently progressing through the Grid Code modification process and will only become applicable once approved by Ofgem which we anticipate to be by December of this year. If you are interested in the changes being proposed in the GC0148 modification then further details are available from the link in row 10 of the Table in Appendix 1.

As for now, no further immediate action is necessary on your part, however we will write to you again following the implementation of the GC0148 Grid Modification detailing any measures that are necessary for you to undertake and from which you will then have a period of 12 months to implement.

For your information, Appendix 1 attached to this letter summarises the work NGENSO has developed or is developing with the wider industry to introduce the changes arising from the Emergency and Restoration Code.

Should you have any questions regarding this issue, or interested in joining the GC0148 Grid Code Modification Workgroup, please email

Grid.Code@nationalgrideso.com

National Grid ESO

² <https://www.nationalgrideso.com/industry-information/codes/grid-code-old/modifications/gc0148-implementation-eu-emergency-and-0>

Appendix 1 – Emergency and Restoration Code – Background Information

| | Article Number from Emergency and Restoration Code | Network Code Emergency and Restoration Code documents | Status | Date submitted (Issue number) |
|----|---|---|---|-------------------------------|
| 1 | Article 4(2)(a) | T&Cs for Defence providers | Approved 13th July 2021 | 20/12/2019 (Issue 3) |
| 2 | Article 4(2)(b) | T&Cs for Restoration providers | | |
| 3 | Article 4(2)(c) | List of SGUs (submitted as appendix to SDP and SRP) | Approved 13th July 2021 | 20/12/2019 (Issue 3) |
| 4 | Article 4(2)(d) | High priority SGUs ((submitted as appendix to SDP and SRP) | Approved 13th July 2021 | 20/12/2019 (Issue 3) |
| 5 | Article 4(2)(e) | Market Suspension and Restoration rules - with intermediate methodology | Approved 11th June 2021 | 21/01/2020 (Issue 4) |
| 6 | Article 4(2)(f) | Imbalance settlement rules for suspension of activities | | |
| 7 | Article 4(2)(g) | Test plan | Approved 13th July 2021 | 20/12/2019 (Issue 1) |
| 8 | Article 4(5) | System Defence plan | Approval not required by Ofgem, but NGESO should notify Ofgem of any changes https://www.nationalgrideso.com/document/160016/download | 20/12/2019 (Issue 3) |
| 9 | Article 4(5) | System Restoration plan | Approval not required by Ofgem, but NGESO should notify Ofgem of any changes https://www.nationalgrideso.com/document/160026/download | |
| 10 | Articles 15(5) – 15(8), Article 41 and Article 42(1), (2) and (5) | Implementation of Phase II of the Emergency and Restoration Code which have implementation dates of 18 th December 2022 and 18 th December 2024 | Progressed through Grid Code Modification GC0148 https://www.nationalgrideso.com/industry-information/codes/grid-code-old/modifications/gc0148-implementation-eu-emergency-and-0 | Ongoing |